

Message Text

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ACTION EA-14

INFO OCT-01 ARA-16 EUR-25 NEA-14 ISO-00 FEA-02 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 EB-11

FPC-01 H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 PA-04 USIA-15 PRS-01 DRC-01 /223 W

----- 119621

R 070605Z AUG 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3741

INFO USINT ALGIERS

AMEMBASSY BONN

USEC BRUSSELS 172

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY LONDON

OECD PARIS 820

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 9702

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJ: ENERGY: COMMENTS ON OIL PRICE

REF: A) JAKARTA 9057 B) JIDDA 4473 (NOTAL)

BEGIN UNCLASSIFIED.

1. TOI STATE NEWS AGENCY (ANTARA) REPORTED THAT
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IR. WIJARSO, GOI DIRECTOR FOR OIL AND GAS, SAID

DURING TELEVISION INTERVIEW AUGUST 2 THAT:

- A) PRICE OF OIL SOLD IN BULK WILL NOT DECLINE, BUT INSTEAD WILL GRADUALLY RISE ACCELERATED BY "MID-EAST SITUATION";
- B) HE DID NOT UNDERSTAND DEVELOPED COUNTRY ARGUMENT THAT OIL PRICE INCREASES WOULD HARM OIL PRODUCING COUNTRIES;
- C) HE DID NOT BELIEVE OIL SURPLUS WOULD RESULT IN LOWER PRICES;
- D) ALTHOUGH MEMBER OF OPEC, "INDONESIA IS FREE TO FIX THE PRICE OF HER OWN OIL EXPORTS"; AND,
- E) OPEC PLANS TO MEET IN SEPTEMBER TO REVIEW THE \$11.70 POSTED PRICE AND TO STUDY PRICE DEVELOPMENTS IN DEVELOPED COUNTRIESM

2. SPEAKING AT CLOSING SESSION SECOND STAFF AND MANAGEMENT (SUSPI-MIGAS) COURSE AUGUST 5, GENERAL IBNU SUTOWO, PERTAMINA'S PRESIDENT-DIRECTOR, REPORTEDLY SAID THAT "TO HAVE THE (OIL) PRICE LOWERED IS NOT REALISTIC, AS THE PRICETINCREASE HAS BECOME A REALITY AND, LIKE HISTORY, CANNOT BE TURNED BACK." IBNU SAID INCREASED REVENUES FROM OIL EXPORTS SHOULD BE USED TO DEVELOP ALTERNAT3 FORMS OF ENERGY TO SUBSTITUTE FOR OIL AND GAS. ENDUNCLASSIFIED.

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3. COMMENT: WIJARSO'S PUBLIC COMMENTS, WHICH ARE CONSISTENT WITH REMARKS HE MADE PRIVATELY TO ME (REFTEL A), REINFORCE OUR VIEW (AND THAT OF AMEMBASSY JIDDA, PARA 3, REFTEL B) THAT IN DEALING WITH THE NEW HIGHLY SOPHISTICATED OIL PRODUCING COUNTRY BUREAUCRACIES WE NEED MUCH HARDER AND MORE RELEVANT DATA TO SUPPORT OUR CONTENTIONS, ESPECIALLY IF WE ARE TO ARGUE SUCCESSFULLY THAT IT IS IN THE OIL PRODUCING COUNTRIES' INTERESTS TO REDUCE OIL PRICES. END CONFIDENTIAL. NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, PRESS COMMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART09702
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740215-0439
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740868/aaaacgfo.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) JAKARTA 9057 B) JIDDA 4473 (NOTAL,)
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by shawdg>; APPROVED <15 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: COMMENTS ON OIL PRICE
TAGS: ENRG, ID, (WIJARSO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005